

Message Text

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DEPT PASS TREASURY FOR ASSISTANT SECRETARY PARSKY

E.O. 11652: GDS

TAGS: ETRD, EGEN, IR

SUBJECT: BANK OMRAN CONSIDERING ACQUIRING 20 PERCENT MINORITY INTEREST IN FIRST NATIONAL BANK OF MILWAUKEE

1. THE MANAGING DIRECTOR OF BANK OMRAN(DR. HOUSHANG RAM), A WHOLLY OWNED SUBSIDIARY OF THE PAHLAVI FOUNDATION, CALLED ECON COUNSELOR DECEMBER 17 TO INFORM HIM THAT HIS BANK IS SERIOUSLY CONSIDERING ACQUIRING A 20 PERCENT MINORITY INTEREST IN THE FIRST NATIONAL BANK OF MILWAUKEE, WISCONSIN. ACCORDING TO DR. RAM, BANK OMRAN HAS BEEN CONSIDERING FOR SOMETIME THE QUESTION OF GETTING MORE DEEPLY INTO INTERNATIONAL BUSINESS, INCLUDING THE ACQUISITION OF MINORITY PARTICIPATION IN BANKS IN EUROPE AND THE U.S. A 20 PERCENT ACQUISITION OF FIRST NATIONAL BANK OF MILWAUKEE WOULD COST ABOUT \$20 MILLION. THE SOURCE OF THESE FUNDS, SAID MR. RAM, WOULD BE FROM BANK OMRAN'S PROFITS FROM A LARGE REAL ESTATE EVNTURE IN WHICH IT IS PARTICIPATING IN NORTH TEHRAN. MR. RAM DAYS HE MUCH PREFERS TO INVEST THE BANK'S RETURNS FROM THIS LATTER VENTURE RATHER THAN TO DISTRIBUTE THEM AS DIVIDENDS. HE SAID THAT THE MANAGEMENT OF FIRST NATIONAL BANK OF MILWAUKEE IN PRINCIPLE FAVORS A MINORITY PARTICIPATION FOR BANK OMRAN BUT HAS NOT YER SPECIFICALLY AGREED TO THE 20 PERCENT FIGURE.

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2. MR. RAM SPECIFICALLY ASKED ECON COUNSELOR WHAT HE THOUGHT OF THE IDEA. RESPONSE GIVEN WAS ALONG FOLLOWING LINED:

(A) BANK OMRAN MUST NATURALLY MAKE ITS OWN CAREFUL INVESTIGATION TO DETERMINE THE EVENTUAL PROFITABILITY OF THE INVESTMENT; THIS IS A BUSINESS JUDGEMENT THAT BANK OMRAN ALONE MUST MAKE;

(B) USG HAS AN OPEN-DOOR POLICY RE FOREIGN INVESTMENT IN THE U.S. AND EXCEPT FOR CERTAIN DEFENSE RELATED MANUFACTURING INDUSTRIES, FAVORS SUCH FOREIGN INVESTMENT AS A GENERAL PRINCIPLE;

(C) A U.S.-IRAN FINANCIAL LINK IN THE PRIVATE SECTOR WOULD SEEM TO BE WHOLLY IN CONSONANCE WITH OBJECTIVES OF UPCOMING U.S.-IRAN FINANCIAL CONFERENCE. THUS, INITIAL REACTION GIVEN TO DR. RAM WAS ENCOURAGING ALTHOUGH WITH CAVEAT THAT EMBASSY COULD NOT DEFINITELY SPEAK FOR USG AS A WHOLE ON THIS MATTER WITHOUT CONSULTING WITH WASHINGTON.

3. ACTION REQUESTED: DR. RAM MADE A SPECIAL POINT OF SAYING THAT HE WOULD BE RETURNING FROM HIS EUROPEAN AND U.S. VISIT AROUND JANUARY 3, 1976 AND WOULD AGAIN GET INTOUCH WITH ECON COUNSELOR TO OBTAIN HIS "FURTHER THOUGHTS." EMBASSY WOULD APPRECIATE RECEIVING ANY VIEWS INTERESTED WASHINGTON AGENCIES MIGHT LIKE TO PROVIDE ON BANK OMRAN INVESTMENT IN FIRST NATIONAL BANK OF MILWAUKEE.
HELMS

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